

WEB SEARCH PORTAL EXEMPTION FROM PROPERTY TAX

Prior Law

None.

New Provisions

This new provision sets forth an exemption from Iowa property tax certain property that is purchased by a web search portal. A “web search portal” is defined as a business that is primarily engaged in providing a search portal to organize information; to access, search, and navigate the internet, including research and development to support capabilities to organize information; and to provide internet access, navigation, and search functionalities.

The exemption allows this type of business to purchase or rent all computers and related equipment that are necessary for the maintenance and operation of a web search portal and property whether directly or indirectly connected to the computers. This exempt list also includes cooling systems, cooling towers, and other temperature control infrastructure. In addition, also exempt from property tax are all power infrastructure for transformation, distribution, or management of electricity used for the maintenance and operation of the web search portal, including but not limited to exterior dedicated business owned substations, back-up power generation systems, battery systems, and related infrastructure; and racking systems, cabling, and trays, which are necessary for the maintenance and operation of the web search portal. The exemption does not apply to power distribution systems subject to assessment under Iowa Code chapter 437A.

Qualifications: For a web search portal to claim this exemption, all of the following requirements must be met:

- (1) The business of the purchaser or renter shall be as a provider of a web search portal;
- (2) The web search portal business shall have a physical location in the state that is used for the operations and maintenance of the web search portal site on the internet, including but not limited to, research and development to support capabilities to organize information and to provide internet access, navigation, and search;
- (3) The web search portal business shall make a minimum investment in an Iowa physical location of two hundred million dollars within the first six years of operation in Iowa beginning with the date the web search portal business initiates site preparation activities. The minimum investment includes the initial investment, including land and subsequent acquisition of additional adjacent land and subsequent investment at the Iowa location; and

(4) The web search portal business shall purchase, option, or lease Iowa land not later than December 31, 2008, for any initial investment. However, the December 31, 2008, date shall not affect the future purchases of adjacent land and additional investment in the initial or adjacent land to qualify as part of the minimum investment for purposes of this exemption.

This exemption applies from the date of the initial investment in or the initiation of site preparation activities for the web search portal facility. For purposes of claiming this exemption, the requirements may be met by aggregating the various Iowa investments and other requirements of the web search portal business's affiliates. This exemption applies to affiliates of the web search portal business. The exemption does not apply to land, buildings, and improvements.

Section Amended

Section 3 of House File 912 amends Iowa Code section 427.1, Code 2007, by adding new subsection 35.

Effective Date

July 1, 2007.